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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SHAKEY'S PIZZA ASIA VENTURES,
INC, a Philippines corporation,

Plaintiff,

vs.

PCJV USA, LLC, a Delaware limited liability company; PCI TRADING, LLC, a Delaware limited liability company; GUY KOREN, an individual; POTATO CORNER LA GROUP, LLC, a California limited liability company; NKM CAPITAL GROUP, LLC, a California limited liability company; J & K AMERICANA, LLC, a California limited liability company; J&K LAKEWOOD, LLC, a California limited liability company; J&K VALLEY FAIR, LLC, a California limited liability company; J & K ONTARIO, LLC, a California limited liability company; HLK MILPITAS, LLC, a California, limited liability company; GK CERRITOS, LLC, a California, limited liability company; J&K PC TRUCKS, LLC, a California limited liability company; and, GK CAPITAL GROUP, LLC, a California limited liability company and DOES 1 through 100, inclusive,

Case No. 2:24-CV-04546-SB(AGRx)

Hon. Stanley Blumenfeld, Jr.

**DEFENDANTS' REPORT RE:
NARROWING/STREAMLINING
THE COUNTERCLAIMS**

PTC: January 9, 2026

Time: 8:30 a.m.

Complaint Filed: May 31, 2024

Trial Date: January 20, 2026

Defendants.

PCJV USA, LLC, a Delaware limited liability company; PCI TRADING LLC, a Delaware limited liability company; POTATO CORNER LA GROUP LLC, a California limited liability company; GK CAPITAL GROUP, LLC, a California limited liability company; NKM CAPITAL GROUP LLC, a California limited liability company; and GUY KOREN, an individual,

Counter-Claimants,

v.

SHAKEY'S PIZZA ASIA VENTURES, INC, a Philippines corporation,

Counter Defendant.

PCJV USA, LLC, a Delaware limited liability company; PCI TRADING LLC, a Delaware limited liability company; POTATO CORNER LA GROUP LLC, a California limited liability company; GK CAPITAL GROUP, LLC, a California limited liability company; NKM CAPITAL GROUP LLC, a California limited liability company; and GUY KOREN, an individual,

Third Party Plaintiffs,

v.

PC INTERNATIONAL PTE LTD., a Singapore business entity; SPAVI INTERNATIONAL USA, INC., a California corporation; CINCO CORPORATION, a Philippines corporation; and ROES 1 through 10, inclusive,

Third Party Defendants.

REPORT RE: NARROWING/STREAMLINING THE COUNTERCLAIMS

In its December 4, 2025 Order (Dkt. 336), the Court encouraged the parties to cooperate to narrow the issues for trial. Defendants respectfully advise the Court that they are materially narrowing their counterclaims (without prejudice) with the intent to streamline the trial.

First, Defendants are eliminating all counterclaims based on supplier/vendor relationships and any claims premised on leases or landlord/site agreements. The remaining tort claims are now focused on the AJVA, the franchisee contracts and franchise-development relationships.

Second, Defendants are withdrawing any causes of action under the tolling agreement, settlement documents, and MIPA; those instruments will be used solely as evidentiary support for knowledge, notice, intent, and improper means, or for any other relevant purpose at trial.

Third, to align their claims with the Court's summary judgment ruling, Defendants are not asserting any claims against SPAVI predicated on a JV-succession theory.

Fourth, to streamline party presentation (including through the jury instructions and verdict form) and as a procedural efficiency measure, Defendants intend to prosecute their counterclaims solely on behalf of PCJV. The parties have meaningfully discussed this issue and explored ways to ensure that Defendants would incur no resultant prejudice, including either through targeted language in the verdict form, jury instructions, or via stipulation. The parties are continuing to meet and confer on this subject.

Fifth, Defendants previously abandoned their accounting claim and now also are abandoning their quantum meruit claim. Withdrawal of the quantum meruit claim will also allow streamlining the counterclaims to be tried to the jury as against only SPAVI and Cinco (as opposed to all named counter-defendants/third party

1 defendants), and will ease the parties' burdens on the jury instructions and verdict
2 forms, alongside also the other pre-trial documents.¹

3 **Summary of the Facts Underlying the Narrowed Counterclaims**

4 PCJV alleges against SPAVI and Cinco that they executed a coordinated
5 scheme to undermine the Potato Corner USA joint venture and to seize control of
6 the Potato Corner-branded U.S. businesses, while repudiating contractual and
7 fiduciary obligations owed to PCJV under the AJVA. The scheme included secret
8 negotiations, a structured asset deal, and a communications campaign premised on
9 misleading statements and omissions about rights to the Potato Corner marks, the
10 existence and terms of the parties' agreed license framework, and the governance
11 and consent regime under the AJVA.

12 PCJV and Cinco entered the AJVA (and the agreements preceding it) to
13 govern the development and operation of Potato Corner-branded quick-service
14 restaurants in the United States. The license framework contemplated a license with
15 material economic terms including a 30/30 royalty split and a 20-year base term
16 plus three 10-year options, and preserved JV governance and consent/no-assignment
17 provisions restricting unilateral transfer of rights or control. For years, the joint
18 venture structure and parties' performance reflected those rights, obligations, and
19 expectations.

20 Cinco, however, repudiated its joint venture role and obligations to PCJV,
21 disclaimed the AJVA's governance and consent regime, and conducted secret
22 negotiations with SPAVI to sell Potato Corner assets in a manner that disregarded
23 the AJVA's consent/no-assignment provisions and the parties' agreed license
24 framework. SPAVI knowingly induced, encouraged, and substantially assisted
25 Cinco's repudiation. After consummating their deal, SPAVI and Cinco prosecuted a
26

27 ¹ These changes will also enable further narrowing of the pretrial documents.
28 Defendants respectfully renew their request for additional time to file the pretrial documents, and a continuance of the Pre-Trial Conference and Trial. Dkt. 342.

1 coordinated campaign to re-trade the parties' rights, including by: falsely
2 characterizing PCJV's rights as, "at most," an "at-will" license; denying or
3 suppressing the existence and terms of the parties' license framework; threatening
4 or purporting to terminate franchisee relationships; and directing franchisees to
5 cease performance under their franchise and area development agreements with
6 PCJV.

7 SPAVI's and Cinco's communications to PCJV and other counterparties
8 omitted and/or misrepresented material facts necessary to make their statements not
9 misleading, including: the existence of the AJVA governance/consent structure; the
10 parties' agreed license framework and material terms; the absence of any novation
11 or waiver; and the absence of any basis to unilaterally terminate PCJV's or
12 franchisees' rights in the manner asserted. SPAVI further engaged in a bad-faith
13 strategy around a tolling agreement and proposed settlement, using half-truths
14 regarding its intended business resolution, its view of license rights and royalty
15 obligations, and the consequences of the MIPA and related documents, to induce
16 reliance and delay countermeasures while SPAVI consolidated its position.

17 As a direct and proximate result of this misconduct, PCJV suffered disruption
18 to franchise development and operations; lost revenues and profits; increased costs
19 and lost enterprise value; and other damages in an amount to be proven at trial.
20 PCJV also seeks punitive damages on all tort claims against SPAVI and Cinco.

21 **COUNTERCLAIMS TO BE TRIED TO THE JURY**

22 **Intentional interference with contractual relations (against SPAVI)**

23 PCJV had valid and existing contracts, including but not limited to: the AJVA
24 and agreements with franchisees (franchise agreements and area development
25 agreements). SPAVI knew of these contracts and their material terms. With
26 knowledge of these contracts, SPAVI intentionally engaged in acts designed to
27 cause breaches or terminations, including by: directing and pressuring
28 counterparties to cease performance; asserting false and/or misleading ownership

1 and licensing positions; repudiating the AJVA consent/no-assignment regime; and
2 coordinating with Cinco to structure a sale and subsequent communications aimed
3 at displacing PCJV and rerouting performance to SPAVI or its designees.

4 Counterparties breached or terminated, in whole or in part, as a result of SPAVI's
5 conduct, causing PCJV damages. SPAVI's conduct was independently wrongful
6 because it was accomplished through fraud, deceit, and unfair business practices,
7 including affirmative misrepresentations and material omissions about rights to the
8 Potato Corner marks, the existence and terms of the license framework, and the
9 effect of the MIPA/settlement/tolling arrangements.

10 Inducing breach of contract (against SPAVI)

11 Cinco and other counterparties owed contractual obligations to PCJV,
12 including duties under the AJVA to comply with consent/no-assignment provisions,
13 to cooperate in and enter a license (if one did not already exist) with the agreed
14 economic/term structure, and to act in good faith in completing the license
15 documentation and ongoing performance. SPAVI knew of these obligations and
16 intentionally induced Cinco and other counterparties to breach by offering and
17 consummating a transaction structured to evade the AJVA's restrictions; by
18 encouraging repudiation of joint venture governance and the license framework; and
19 by directing communications to counterparties calculated to cause nonperformance
20 or termination. The breaches occurred and were a substantial factor in causing
21 PCJV's damages. SPAVI lacked any privilege or justification because it used
22 wrongful means, including fraudulent and deceptive statements and omissions and
23 bad-faith interference with existing contracts.

24 Intentional interference with prospective economic relations (against SPAVI)

25 PCJV had existing and probable prospective economic relationships with
26 franchisees, with the probability of future economic benefit to PCJV. SPAVI knew
27 of these relationships and their probable benefits. SPAVI intentionally engaged in
28 wrongful conduct designed to disrupt these relationships, including misrepresenting

1 authority and rights to the marks; suppressing and/or denying the agreed license
2 framework; threatening termination or litigation to chill continued dealings; and
3 instructing franchisees to cease doing business with Counterclaimants. SPAVI's
4 conduct was independently wrongful beyond the interference itself because it was
5 fraudulent, deceitful, and unfair, including affirmative misrepresentations, half-
6 truths, and material omissions in negotiations and counterpart communications. The
7 relationships were disrupted and PCJV was harmed thereby.

8 Negligent interference with prospective economic relations (against SPAVI)

9 PCJV had existing and probable prospective economic relationships as
10 described above. SPAVI knew or should have known that, absent due care, its
11 conduct would disrupt those relationships. SPAVI failed to act with reasonable care
12 by, among other things, making and disseminating inaccurate, incomplete, and
13 misleading statements of right and authority; withholding material information
14 necessary to not mislead; and disregarding known contractual governance and
15 consent regimes. The relationships were disrupted, causing economic harm to
16 PCJV. SPAVI's conduct was independently wrongful and/or otherwise not
17 privileged for the same reasons stated above.

18 Aiding and abetting breach of fiduciary duty (against SPAVI)

19 Cinco owed fiduciary duties of loyalty, care, and good faith to PCJV as joint
20 venture partner and/or majority participant under the AJVA and the parties' course
21 of dealing. Cinco breached those duties by secretly negotiating with SPAVI to
22 transfer control and rights in derogation of the AJVA; by repudiating joint venture
23 governance and consent/no-assignment provisions; by suppressing the agreed
24 license framework; and by acting in self-interest rather than in furtherance of the
25 PCJV. SPAVI knew of Cinco's fiduciary status and of the facts constituting breach,
26 and gave substantial assistance and encouragement to Cinco's breaches by
27 structuring and consummating the asset deal; coordinating termination and
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1 transition messaging; and exploiting the breaches to displace PCJV. SPAVI's
2 assistance was a substantial factor in causing PCJV's damages.

3 Breach of fiduciary duty (against Cinco)

4 Cinco owed fiduciary duties of loyalty, care, and good faith to PCJV as joint
5 venture partner and/or majority participant under the AJVA and the parties' course
6 of performance. Cinco breached those duties by repudiating and denying its joint
7 venture role; acting contrary to the AJVA's consent/no-assignment and governance
8 provisions; failing to obtain a novation; refusing to cooperate in and enter a license
9 with the agreed terms; suppressing and/or denying the license framework and AJVA
10 restrictions; and conspiring with SPAVI to toll and settle, while SPAVI intended to
11 "terminate" PCJV's rights and sue in bad faith to displace PCJV. As a direct and
12 proximate result, PCJV suffered damages, and is entitled to equitable relief
13 including disgorgement.

14 Breach of contract (against Cinco) and breach of the implied covenant of good faith
15 and fair dealing (against Cinco)

16 The AJVA is a valid and enforceable contract governing the parties' rights.
17 PCJV performed, or was excused from performing, all conditions precedent. Cinco
18 (either directly or as an alter ego) breached by violating the consent/no-assignment
19 and governance provisions; failing and refusing to enter a license embodying the
20 parties' agreed framework; failing to exercise best efforts and good faith to
21 complete the license documentation; and repudiating the AJVA's structure and
22 restrictions. The implied covenant obligated Cinco not to do anything to unfairly
23 interfere with PCJV's right to receive the benefits of the AJVA and the agreed
24 license framework; Cinco breached the covenant by the same conduct. PCJV
25 suffered damages thereby.

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COUNTERCLAIMS TO BE TRIED TO THE COURT

Counterclaimants are withdrawing all of their counterclaims to be tried to the Court (Declaratory Relief and Unfair Competition) with the exception that if the jury finds that Plaintiff did not prove it is a valid assignee and, thus, did not establish that it is the “owner” of the subject marks, that PCJV be awarded declaratory and injunctive relief that PCJV is the rightful owner of all Potato Corner marks in the United States with an attendant permanent injunction prohibiting all counter-defendants, third-party defendants, and their affiliates, officers, employees, parties working in concert with them, etc. from using the subject marks). PCJV further requests the same relief if it establishes its abandonment (naked license) defense (failure to exercise adequate quality control) or any other defense that would warrant the same or similar declaratory/injunctive relief.²

Dated: December 23, 2025

BLANK ROME LLP

/s/ Arash Beral

Todd M. Malynn

Arash Beral

Jamison T. Gilmore

Attorneys for Defendants, Counterclaimants,
and Third Party Plaintiffs

² As reported in Dkt. 333, Defendants’ affirmative defenses of Acquiescence, Laches, Unclean Hands, In Pari Delicto, and Estoppel would also be tried to the Court.

CERTIFICATE OF SERVICE

The undersigned certifies that on December 23, 2025, the foregoing document was electronically filed with the Clerk of the Court for the United States District Court, Central District of California, using the Court's Electronic Case Filing (ECF) system. I further certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

I certify under penalty of perjury that the foregoing is true and correct.
Executed on December 23, 2025.

By: /s/ Ann Grosso